

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Westfield Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: June 22, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on November 1 of each fiscal year. The schedule is effective in FY22 (since the amount under the prior schedule was maintained in FY22) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.25% to 7.0% and reflects a slight revision of the mortality assumption.

Although we are approving the schedule, we would have preferred the Board adopt a schedule that completes the amortization of the unfunded actuarial liability (UAL) by FY35. With this schedule, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions or plan provisions that increase the plan's liability. We are available to discuss this issue further and will work with you on this in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



**Westfield Retirement System
January 1, 2021 Actuarial Valuation**

Total Cost Increasing 4.96% to FY35 with Final Amortization Payment in FY36

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2002 ERIP</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increase</u>
2022	4,754,628	200,000	6,578,737	851,425	12,384,790	97,989,805	
2023	4,968,586	200,000	6,940,750	889,739	12,999,076	97,074,100	4.96%
2024	5,192,173	200,000	7,321,879	929,778	13,643,830	95,675,389	4.96%
2025	5,425,821	200,000	7,723,126	971,618	14,320,564	93,738,054	4.96%
2026	5,669,982	200,000	8,145,541	1,015,340	15,030,864	91,201,457	4.96%
2027	5,925,132	200,000	8,590,232	1,061,031	15,776,394	87,999,526	4.96%
2028	6,191,763	200,000	9,058,364	1,108,777	16,558,904	84,060,320	4.96%
2029	6,470,392	200,000	10,709,833		17,380,225	79,305,550	4.96%
2030	6,761,560	200,000	11,280,725		18,242,284	73,650,068	4.96%
2031	7,065,830	200,000	11,881,272		19,147,102	67,001,315	4.96%
2032	7,383,792	200,000	12,513,006		20,096,798	59,258,732	4.96%
2033	7,716,063	200,000	13,177,536		21,093,599	50,313,116	4.96%
2034	8,063,286	200,000	13,876,556		22,139,842	40,045,935	4.96%
2035	8,426,133	200,000	14,611,844		23,237,978	28,328,591	4.96%
2036	8,805,309	200,000	15,360,272		24,365,582	15,021,620	4.85%
2037	9,201,548	200,000			9,401,548	0	-61.41%

Appropriation payments assumed to be made November 1 of each fiscal year.

Normal cost includes assumed expenses of \$950,000 and is assumed to increase 4.5% per year.

FY22 appropriation was maintained at same level as current schedule.